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46  
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## GENERAL

1. Further views on US-Soviet exchange--US Embassy Moscow expresses the view that in the US-Soviet exchange of notes the Kremlin's aims included a desire to cover recent Soviet setbacks in the west by implying that the US now desires to appease the USSR. The Embassy further believes that the Kremlin's note has served to reassure pro-Soviet elements at home and abroad and to weaken the growing western resistance to Soviet expansionism. The Embassy suggests the probability of further Soviet moves with similar aims, coupled with increasing pressure on the Middle East.

US Minister Erhardt in Vienna reports that Austrian officials are skeptical concerning the significance of the Soviet reply to the recent US note. The Austrians reportedly feel that although this reply demonstrates that US and western power policies are beginning to take effect, western strength is not yet sufficient to induce the USSR to make really important concessions. The Austrian officials suggest that Soviet action on the Austrian treaty may provide an immediate index as to the sincerity of Soviet conciliatory gestures.

2. UK views on Greek situation--Foreign Secretary Bevin has expressed to US Ambassador Douglas in London the conviction that unless the Greek guerrillas are liquidated "during the next six months or so," the Greek situation may become irretrievable. Bevin suggested the following steps: (a) the establishment of an intelligence organization to disseminate persuasive propaganda among the guerrillas and to offer "bribes" to guerrilla leaders to surrender with their followers under a new amnesty; (b) the continued arming of the Greek Home Guard; and (c) the dispatch to Greece of "a few US troops" as a morale-boosting demonstration of US-UK support.

(CIA Comment: Although Bevin's first suggestion might result in the surrender of many guerrillas, CIA believes that non-Communist Greeks would be outraged by any attempt

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- 1 -  
TOP SECRET  
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to bribe the guerrillas or even by the suggestion of a new amnesty. Most responsible Greek leaders are now convinced that the guerrilla problem cannot be solved without the active intervention of US or UN troops.)

3. US position on security guarantees--The Department of State has informed US Ambassador Douglas in London of its view that any tripartite agreement on German disarmament and demilitarization would be inadvisable because such an agreement might be construed as vitiating existing quadripartite agreements on the subject. The Department doubts that Germany could, under the Ruhr control agreement, prepare for modern total warfare, but recognizes the depth of French feeling concerning security against German aggression and is prepared to give the French "reasonable satisfaction."

#### NEAR EAST-AFRICA

4. PALESTINE: British hopeful that "blood bath" will be averted--US Ambassador Douglas in London reports "an atmosphere of relief" in the UK Foreign Office over Palestine and a feeling that the situation is less dire on the eve of 15 May than was once feared. According to Douglas, the Foreign Office feels that King Abdullah of Transjordan will halt his advance into Palestine substantially at the frontiers of the Jewish state and that if Abdullah attacks the Jews he will confine himself to token forays. Douglas indicates that Foreign Office officials appear to be in agreement that even though the long-range repercussions of the Palestine situation are incalculable, there is at last hope for a Palestine settlement "without a blood bath involving the entire Middle East."

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5. **KOREA: North Koreans threaten power cut-off--US Economic Adviser Bunce, in summarizing recent developments in the US-USSR dispute regarding North Korean hydroelectric power supplied to the US Zone, reports that in a 10 May radio broadcast the North Korean People's Committee declared that if its request that the issue be settled among the Koreans themselves is not met by 14 May, the Committee "will be forced to cut off definitely the electric supply to South Korea."**

(CIA Comment: CIA does not believe that the USSR will authorize a power cut-off at present. However, if the Kremlin does decide to take this step, it would be for the purpose of producing economic chaos in South Korea and a resulting insurrectionary situation extremely hazardous to continued US occupation. Such action would mark the inception of a campaign to force US withdrawal by every direct means short of military action.)

- 2 -  
~~TOP SECRET~~